

AR07

MANITOU-BARVUE MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
(unaudited)

Source of Funds	Six months ended June 30	
	1970	1969
Net income for the period	\$ 154,771	
Items not involving current funds		
Depreciation	16,700	
Provision for severance pay	6,750	
	<u>178,221</u>	
Decrease in operating supplies	23,500	\$ 20,576
Special refundable tax		1,998
	<u>201,721</u>	<u>22,574</u>

Application of Funds

Loss for the period	99,059	
Items not involving current funds		
Depreciation	(8,135)	
Provision for severance pay	(19,558)	
	<u>71,366</u>	
Additions to fixed assets	185,870	
Purchase of investment in shares of another company ..	3,592	
Severance payments		820
	<u>189,462</u>	<u>72,186</u>
Increase (decrease) in working capital	12,259	(49,612)
Working capital at beginning of period	668,269	656,367
Adjustment for reclassification of provision for severance pay (Note)		150,758
As restated	<u>668,269</u>	<u>807,125</u>
Working capital at end of period	<u>\$ 680,528</u>	<u>\$ 757,513</u>

NOTE: The provision for severance pay for 1969 has been reclassified in accordance with the presentation adopted in the annual financial statements.

Printed in Canada

Interim Report

to

Shareholders

For the Six-Month Period

Ended June 30, 1970

MANITOU-BARVUE MINES LIMITED

MANITOU-BARVUE MINES LIMITED

STATEMENT OF INCOME (unaudited)

	Six months ended June 30	1969
Sales of concentrates	\$1,745,187	\$1,336,956
Other income	2,399	2,563
	<u>1,747,586</u>	<u>1,339,519</u>
Operating Expenses		
Development	82,024	93,129
Mining	857,146	696,564
Milling	291,390	255,757
General mine expense	240,838	302,956
Outside exploration	9,200	—
Depreciation	16,700	8,135
Quebec Mining Tax	17,000	—
Administration	47,217	48,356
Directors' fees	5,800	3,500
Debenture interest	25,500	30,181
	<u>1,592,815</u>	<u>1,438,578</u>
Net income (loss) for the period (Note)	<u>\$ 154,771</u>	<u>\$ (99,059)</u>

NOTE: No provision for income taxes is required. Amounts totalling ~~1,500,000~~ **4.44** per share (principally capital cost allowances) are available for deduction from taxable income.

TO THE SHAREHOLDERS:

The enclosed interim Statement of Income for the half year ended 30 June, 1970 shows a net income for the period of \$154,771 as compared with a loss of \$99,059 for the same period of 1969.

The increase in profit during the first half of the year resulted primarily from increased treatment of higher grade silver-zinc ore. The tonnage of silver-zinc ore milled was 138,305 tons compared with 95,665 tons in the same period of 1969. The grade of silver-zinc ore milled averaged 4.29 ozs. silver and 2.23% zinc as compared with an average grade of 1.96 ozs. silver and 2.87% zinc during the first half of last year.

Profits for the first half of this year were smaller than anticipated as a result of lower than expected silver prices and the freeing of the Canadian dollar from its former parity level. In spite of these unfavourable factors and increased labour costs, it is anticipated that profit for the second half of 1970 will exceed that of the first half.

Underground diamond drilling and development of silver-zinc ore reserves are continuing. Results are encouraging and indications are that silver-zinc ore reserves at the end of 1970 will exceed 1,000,000 tons, with an average grade comparable to that reported for the 828,000 tons of silver-zinc ore reserves at the 1969 year end.

2.27 oz silver
2.72% zinc

President.

11 August, 1970.